

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 305557
ORIGIN NEA-10

INFO OCT-01 ISO-00 TRSE-00 L-03 EB-08 /022 R

DRAFTED BY NEA/INS:JRGRAHAME:JES
APPROVED BY NEA/INS:PWLANDE
TREASURY: MFEINBERG
-----129788 230707Z /13
R 222357Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE STATE 305557

E.O. 11652: N/A

TAGS: EFIN, EINV, US, IN

SUBJECT: TREATY NEGOTIATIONS

REF: STATE 304212

BOTH INDIAN AND U.S. SIDES HAVE APPROVED FOLLOWING AGREED
MINUTE OF INDO-U.S. TAX TREATY DISCUSSIONS WHICH WILL BE
SIGNED DECEMBER 23. THIS TEXT WILL NOT BE MADE PUBLIC AND
THERE WILL BE NO PRESS STATEMENT. POUCHING DRAFT OF PRO-
POSED TREATY:

"AN INDIAN DELEGATION LED BY SHRI S. NARAYAN, CHAIRMAN,
CENTRAL BOARD OF DIRECT TAXES AND A UNITED STATES DELEGATION
LED BY MESSERS JOHN RAEDEL AND MORDECAI FEINBERG, ASSOCIATE
DIRECTORS OF THE OFFICE OF INTERNATIONAL TAX AFFAIRS, RE-
SUMED DISCUSSIONS IN WASHINGTON, FROM DECEMBER 19 THROUGH
23, 1977, ON A CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXA-
TION OF INCOME AND PREVENTION OF FISCAL EVASION WITH RESPECT
TO TAXES ON INCOME.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 305557

THE ATMOSPHERE OF CORDIALITY AND MUTUAL RESPECT WHICH
CHARACTERIZED PREVIOUS MEETINGS CONTINUED DURING THESE DIS-
CUSSIONS. THOUGH ALL OF THE ARTICLES OF THE DRAFT TREATY

WERE DISCUSSED FULLY, AND A NUMBER OF ISSUES WERE CLARIFIED
AND AGREED, IT WAS NOT POSSIBLE FOR THE DELEGATIONS TO

REACH FINAL AGREEMENT AT THIS TIME ON THE FULL TEXT OF A PROPOSED TREATY.

THE INDIAN DELEGATION STATED THEY WERE WILLING TO OFFER CONCESSIONS FROM THEIR PREVIOUS POLICY OF UNLIMITED SOURCE COUNTRY RIGHT TO TAX. THESE CONCESSIONS, HOWEVER, WERE PREDICATED ON AGREEMENT BY THE UNITED STATES TO THE INCLUSION OF A TAX SPARING CREDIT OR OTHER PROVISIONS HAVING SIMILAR EFFECT. THE UNITED STATES RESPONDED THAT ITS PREVIOUSLY STATED POSITION WITH RESPECT TO SUCH PROVISIONS HAD NOT CHANGED, AND THAT THE UNITED STATES IS NOT ABLE TO AGREE TO THE INCLUSION OF ANY SUCH PROVISION, IN ANY TREATY, REGARDLESS OF THE CONCESSIONS WHICH MIGHT BE OFFERED IN RETURN.

PENDING A RESOLUTION OF THIS BASIC QUESTION, A NUMBER OF ISSUES REMAINED OPEN. THESE RELATE PRINCIPALLY TO THE DEFINITIONS OF BUSINESS PROFITS AND PERMANENT ESTABLISHMENT AND TO THE TREATMENT OF SHIPPING INCOME, DIVIDENDS, ROYALTIES, AND FEES FOR TECHNICAL SERVICES AND THE SCOPE OF THE ARTICLE ON NONDISCRIMINATION.

ATTACHED IS A DRAFT OF THE PROPOSED TREATY INDICATING THOSE POINTS WHICH ARE AGREED AND INDICATING ALSO, BY MEANS OF BRACKETS, THOSE ISSUES WHICH HAVE BEEN RESERVED

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 305557

FOR FUTURE DISCUSSION PENDING A RESOLUTION OF THE DIFFERENCES IN VIEW ON THE ISSUE OF TAX SPARING.

IT WAS AGREED THAT THE DELEGATIONS WOULD RECONSIDER THEIR POSITIONS WITH RESPECT TO THE REMAINING OPEN ISSUES AND WOULD EXCHANGE CORRESPONDENCE WITH A VIEW TOWARD CONCLUDING THE DISCUSSION AT AN EARLY DATE." VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE305557
Document Source: CORE
Document Unique ID: 00
Drafter: JRGRAHAME:JES
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770479-0252
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771224/aaaaauie.tel
Line Count: 101
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a8cfcafd-c188-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 304212
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 143508
Secure: OPEN
Status: NATIVE
Subject: TREATY NEGOTIATIONS
TAGS: EFIN, EINV, US, IN
To: NEW DELHI
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a8cfcafd-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009